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## ***The Mongolia Monitor***

***News from USAID/Mongolia***

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### **Mission News:**

April proved to be another busy month for the mission. Several Washington visitors came to Mongolia in April, to take a look at some of our centrally-funded projects. Despite the return of Senior Program Manager Jeff Goodson from an extended TDY in Kabul, the mission continued to be shorthanded. Project Development Officer Cory Johnston was on TDY for most of the month in USAID/Manila, and Mendsaihan and Oyunbileg were away for part of the month on training. Spring has yet to bring Ulaanbaatar and its environs any green grass - indeed, as this issue of the Monitor was being composed, a late spring blizzard dropped some four inches of snow on Ulaanbaatar.

### **Political Update:**

The State Great Hural opened its spring session on April 5, with a variety of important legislation before it, including tax reform and anti-corruption legislation. Also on April 5, demonstrators from several groups protesting a variety of issues – including corruption, foreign mining concessions, inadequate pensions, and insufficient compensation to hundreds of tenants who lost their shops in a shopping center fire – erected gers on Sukhbaatar Square. Those attending rallies and other events at the protest gers were limited in number, perhaps 500 or so at the most. Police took a generally low key response to the protests, and demonstrators refrained from the scuffles and rock-throwing at Government House windows which had marred some previous protests. Several government ministers met with the protesters, as did new Democratic Party leader Elbegdorj. On April 28, Prime Minister Enkhbold met with the demonstrators and subsequently agreed to set up joint working groups to review the legality of mining licenses granted to foreign companies. The working groups began operation the following week. As a result of the agreement, the Radical Reform movement withdrew from the square; other movements decided to continue, however, and half a dozen protest gers remained at the end of the month.

## PART I: USAID PROGRAM NEWS

### STRATEGIC OBJECTIVE 1: PRIVATE SECTOR-LED ECONOMIC GROWTH

#### **Economic Policy Reform and Competitiveness Project (EPRC)**

*Chemonics*

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#### *Economic, Financial, and Trade Policy Support*

**Tax reform.** EPRC initiated preparation of a bulleted list of Value Added Tax (VAT) law changes in April, required in order to develop a new draft of the legislation. The Parliamentary Budget Standing Committee (PBSC) completed its revisions to the draft Personal Income Tax (PIT) law and submitted them to Parliament for the first reading in the general session, which began on April 28. The proposed new law provides for a 10% flat rate and increases the credit threshold to 84,000 Tugrik/month (about \$71). The PBSC has now begun work on the Legal Entity Income Tax (LEIT) legislation, also known as the corporate income tax (CIT) law.

**Tax reform facilitation.** EPRC continued efforts to update stakeholders on the tax reform process and on minimizing institutional resistance in April; this included meetings with local businesspersons and the IMF representative. The project team also worked on developing user-friendly tax information materials for members of Parliament and the general public.

**Additional shadow economy survey results shared with the National Statistics Office (NSO).** On April 5, as part of the continuing EPRC-NSO seminar series, EPRC staff presented initial estimates of Mongolia's GDP adjusted to incorporate the projections of household income derived from the shadow economy survey conducted in October 2004. These initial estimates use the revised projections for total household income derived from the survey as an input into a social accounting matrix (SAM). SAM is a national income accounting framework which provides internal consistency checks on the four sectors producing and expending GDP—households, business firms, government, and foreigners. Using a SAM and the survey-derived household income estimates, the adjusted estimate for GDP in 2004 is significantly larger than NSO's official estimate. The uncounted portion of GDP was primarily due to two elements:

- On the production side, the sum of informal activity not measured and shadow-activity tax evasion.
- On the expenditure side, most of the discrepancy was in household consumption and investment.

The project will continue to work with the NSO on different methods of projecting household income using survey results to produce a range of estimates which are likely to yield a range of revised GDP estimates.

#### *Cluster and Business Development Support*

#### **Tourism**

**Tourism portal announces share offer.** The founding members of the "Welcome2Mongolia" (W2M) tourism portal that EPRC helped establish agreed on the initial share holding of the company. "Dama International", the design and operating company will hold 30% of the shares, the Tourist Information Center (TIC) will also hold 30%, and the remaining 40% will be offered to the industry. The EPRC team expects that an institutional investor will take half of the offer and individual investors will take the rest.

With project assistance, W2M has also engaged an expert to optimize chances of the portal domain being picked up by popular internet search engines.

**Tourism retreat brings public and private sectors together.** EPRC helped the Ministry of Roads, Transport, and Tourism (MRTT) organize a tourism sector retreat on April 23. Minister Tsengel and Director of Tourism Batjargal attended the retreat along with representatives from the Mongolian Tourism Association, Mongolian Tour Guides Association, Ger Camps Association, GTZ and UNDP. EPRC, MRTT and W2M made presentations on international best practice in the tourism sector, the GoM Tourism Action Plan, and internet marketing, respectively. Private sector representatives asked for additional input in tourism policy and the creation of a private sector–led National Tourism Organization. Discussions also included the feasibility of introducing a “room tax” to support tourism promotion, and the creation of a tourism satellite account in the National Statistics Office (NSO) to have a consistent methodology for estimating the contribution of tourism to GDP. After the retreat, MRTT requested EPRC assistance with these items.

**Training for tour guides.** A second group of 16 tour guides graduated in April from the EPRC–sponsored guide training program that the Mongolian Tour Guides Association organized and delivered.

**Peace Corps Volunteers develop aimag web sites.** Ten volunteers from eight aimags have applied for EPRC assistance to develop aimag–centered tourism websites. The Peace Corps and the project teamed up last year to develop pilot websites for Khentii and Uvurhangai aimags. If all these eight aimags are accepted it will bring the total number of aimag websites to eleven. The aimag websites are all linked to the W2M portal.

## **Natural fibers**

**Cashmere linkages with US.** George Segal, the EPRC cashmere intermediary in New York, has reported renewed interest in Mongolian cashmere and has held meetings with “Bobby Jones”, “Talbots”, “Philips Van Heusen” and “Perry Ellis”. A buyer from Perry Ellis is currently scheduled to visit Mongolia in August.

## **Other linkages**

**Opportunities for handicraft exports.** EPRC attended a meeting organized by the Ministry of Trade and Industry and the US Embassy to consider new opportunities for Mongolian handicraft exports to gain access to US markets under the Generalized System of Preferences (GSP). Representatives from the Gobi Initiative and the GER Initiative also attended. The meeting discussed issues such as consolidation, quality, consistency and delivery.

**Japanese buyers scheduled to visit Mongolia.** Two buyers from Japan visited Mongolia from April 29-May 6 under EPRC’s Routes to Market Program. Jim Krigbaum, who identified non–traditional export opportunities during a 2005 assignment with EPRC, accompanied the buyers. The Japanese are interested in blueberries, mares’ milk derivatives, pet food, and mushrooms. They visited producers in Ulaanbaatar and the countryside, as well as the blueberry crop centers in the Khuvsgul area.

## **Finance**

**Housing finance.** Nine commercial banks and the Bank of Mongolia, all signatories last month to a Memorandum of Understanding (MOU) to establish a Housing Finance Corporation (HFC), formed a working group to oversee its formation. The working group, consisting of Khaan Bank, Golomt Bank, Trade and Development Bank, XacBank, Zoos Bank and the Bank of Mongolia, selected a team of local and international consultants to assist in the process of organizing the company. Through its Business Development Fund (BDF), EPRC will co–finance the feasibility study with the signatories to the MOU. The consultants will work in sub groups to:

- Develop a business plan, including an operating budget, capitalization plan and staffing plan
- Draft the bylaws of the company
- Develop standard loan documentation, underwriting policies and operating procedures, and
- Determine the most appropriate instruments for securitization of mortgages.

### *Energy Sector Support*

**Legal/legislative.** EPRC is reviewing the current draft version of the proposed new Energy Law. The new draft is to be delivered to the Minister's Advisory Board in early May and is to be presented to Cabinet on May 20. A draft of the proposed new Renewable Energy Law is scheduled for presentation to the Cabinet in May. The Minister of Justice has appointed a new working group for development of a Concessions Law, with the group's first responsibility identified as preparation of a concept paper to be ready in May.

**Newly formed ERA Audit Unit completes its first audit.** ERA auditors, hired on project advice, performed their first audit in April, completing a successful audit of Power Plant 3. During the week of April 24 the project provided additional training on International Accounting and Financial Reporting Standards (IAFRS) to the second and third newly hired ERA auditors. This training successfully concluded the project's energy intern training program.

**Standard coal contract.** EPRC completed a draft standard coal supply agreement and submitted it to the Ministry of Fuel and Energy (MoFE) in April.

**Accounting conversions.** EPRC initiated Uniform System of Accounts conversion activities for the two remaining systems, the Central Energy System and Eastern Energy System. These are the final planned system conversions; they are to be completed by August. The Western Energy System will not be converted due to its lack of generating capacity and its poor financial condition. Representatives from each of the entities and the ERA attended a four-day project workshop in Ulaanbaatar and received training on conversion methodology, IAFRS, and financial analysis.

**Energy sector finances.** In April EPRC received and summarized energy sector financial results for 2005. The officially reported income for the sector was a profit of 3.1 billion Tg (~\$2.6 million) that, when adjusted for foreign currency exchange rate changes and capitalized maintenance, turns into a loss of 4.4 billion Tg (~\$3.7 million). This compares favorably to EPRC's calculation that last year's loss was in excess of 35 billion Tg (~\$29.4 million). The project has arranged for World Bank representatives to receive these updated financials from the ERA.

### *Public Education/National Dialogue Support*

**Summer Economics and Finance Institute for young professionals.** Following a round of exploratory meetings with ten potential participant groups—the Bank of Mongolia, Ministry of Finance, Ministry of Trade and Industry, Mongolian Stock Exchange, Commission for Regulation of Financial Institutions, two commercial banks and two higher education institutions—EPRC organizers of the Institute circulated a proposal asking the participants to respond with their preferences to a list of six organizational issues. The Institute will be a residence activity for 30 participants with three courses, each two hours per day, taught by western professors and experts. The three courses will be chosen from a menu of six, including project cost/benefit analysis, financial institutions, open economy national income accounting, and economic and tax reforms in development. As soon as the participant institutions' responses to the proposal are tabulated in the first week of May, EPRC will select a venue for the Institute and will recruit instructors.

**Draft proposed new laws submitted from Ministry of Finance (MoF) for posting on the Open Government website.** Mongolian drafts of proposed legislation have been posted on the OG website, including laws and amendments on financial leasing, savings insurance, customs, customs tariffs and customs tax, money laundering, and terrorism financing. The OG website provides facilities for separate

discussion threads with questions and answers for each newly proposed draft law or amendment. English versions will be posted on the OG site as they are translated.

## **The Gobi Initiative Phase II**

### ***Mercy Corps International and PACT***

**Passing of Dr. Jerry Stuth.** The sad news for all of us in April was the untimely passing of Dr. Jerry Stuth of Texas A&M University. Jerry was the inspiration and knowledge behind our Gobi Forage project, and he became its Director and leader after coming to Mongolia in 2003 to design the project. More broadly, Jerry was the mastermind behind USAID's Famine Early Warning System (FEWS), the remote sensing and crop forecasting technology that has saved thousands from starvation in the Horn of Africa over the years.

**Non-herding clients project 2006 sales of more than \$375,000.** Twenty non-herding clients have now finalized their business plans with project assistance. The combined sales from these businesses will be over MNT 450 Million (~\$375,000), and external financing will total MNT 108 Million (~\$91,750) in 2006. The businesses include compressed coal fuel production, sausage production, hotel and restaurant services, dairy and milk processing, wood carpentry, auto repair and garage services, and bakeries.

**Veterinary labs receive equipment from Gobi Initiative.** Aimag (provincial) veterinary laboratories in Uvurhangai, Bayanhongor, Dundgovi, and Umnugovi have now received all the equipment purchased under the Gobi Initiative and a consultant has completed the installation and provided training to the veterinary laboratory staff on use of that equipment. The laboratories in these aimags are now fully operational, having been renovated, equipped, and the staff trained. Opening ceremonies attended by aimag government officials, laboratory staff, media, and Gobi Initiative representatives were held in Bayanhongor and Uvurhangai in late April.

**Subgrant for tourism project to promote herder business diversification in Dundgovi Aimag.** Under the Gobi Initiative, Mercy Corps has issued a subgrant to a Mongolian non-governmental organization (NGO), Mongolian Alternatives Center, to implement its Ger-to-Ger Tourism Project ([www.gertoger.org](http://www.gertoger.org)) in Dundgovi Aimag. The subgrant will focus on herder business diversification into tourism, and will complement existing herder business diversification activities in the region. The sub-project will be implemented amongst the famous rock formations of Ikh Gazariin Chuluut and the neighboring soums (counties). Initial field assessments have been completed, and seven herder families and three businesses have been identified to provide Ger-to-Ger tourist routes and services in the aimag.

**Gobi clients to be trained to produce certified potato seed.** The Gobi Initiative signed an agreement in April with the Revitalization of Mongolia's Potato Sector Program (RMPSP), funded by the Swiss Agency for Development and Cooperation (SDC). Work under this agreement will complement and increase GI's efforts to improve the quality of potato seeds for local growers. The primary objective of the RMPSP is to improve the productivity of potato producers at the national and regional levels by supporting the re-establishment of an efficient and sustainable potato seed production sector and a decentralized supply system of high quality potato seed. GI has selected six clients that will be involved with RMPSP to build their skills and capacities to produce and sell certified potato seeds in their aimags. In addition, RMPSP has supplied a total of eight tons of high quality potato seeds to GI herder clients in Bayanhongor, Govi-Altai, Uvurhangai and Umnugovi aimags. The improved seed will enable herder clients to increase production levels.

**Impediments to rural business development discussed on radio call-in shows.** Rural Business News (RBN)/Pact organized a first-of-its-kind radio call-in show in Umnugovi, Dundgovi, and Gobi-Sumber aimags. The radio call-in shows were organized in cooperation with private aimag radio stations. The shows picked up important issues that hinder rural business development and provided a live forum for the public on radio. The program in Dundgovi and Gobi-Sumber raised land tenure issues, while the program in Umnugovi also focused on land tenure and debated how businesses can engage with and

apply for health and safety certificates from the professional inspection agency. The general public was actively engaged during the programs, and callers made a number of suggestions on how local government should change to better serve the business community and support economic development in the aimags.

## **The GER Initiative**

### ***CHF International***

In April, GER improved or expanded 91 businesses, created 12 new startups, matched 127 people to jobs, and generated 109 new job placements.

**Training and consulting.** GER provided business training to 325 clients and consulting services to 428 clients. Over 60% of consulting clients were repeat clients. The consultancies focused on farming, wool production, and construction.

**Financial services.** GER facilitated 117 loans worth \$111,667 in April, 36% of which involved purchasing fixed assets. This includes 18 Capital Augmentation Fund (CAF) loans worth \$34,042, 83% of which involved purchasing fixed assets. At the end of the month, only 31 of the 949 outstanding facilitated loans in the portfolio were in arrears, and only 11 of 188 outstanding CAF loans in the portfolio were in arrears. For the life of the project, there have been just five defaults in facilitated loans and one defaulted CAF loan.

**Information.** Five hundred and twenty-seven clients accessed information services this month. Of special note were the project's continuing efforts to get regulators and regulated businesses together to discuss common issues. In Darkhan, GER organized a meeting between the Land Office and residents seeking to privatize their land; a Land Office official answered questions for 88 people, and helped resolve disputes over property lines. GER also hosted land workshops in Ulaanbaatar and Erdenet in April. In Ulaanbaatar, GER hosted a meeting between the Bayangol District Inspection Office, the City Governor's Office, and 23 local grocery store operators. During the meeting, the inspector explained the common errors that occur during inspections and answered clients' questions.

**Linkages.** Sixty-nine companies purchased goods and services from 80 GER clients in April. The total value of sales linkages was \$9,223, up 53% from March. Sixty-four companies were involved with input linkages, and 65 GER clients benefited from these relationships. The total estimated savings to clients was \$3,107, up 95% from last month. GER established relationships with nine new companies, including Bishreht Hotel, Orange Restaurant, and Gatstuurt.

**Business Associations.** This month, GER provided services to 25 business groups, involving 148 people. The project works with 53 active business groups, including 3 new groups in Ulaanbaatar.

**Employment Services.** GER matched 127 clients with employers in March. The project established new relationships with six new companies including HKB International, Mon San, Orange Restaurant, and Mon Mak. In Erdenet, GER matched jobs with Habitat for Humanity, formed a relationship with a brick company, and organized an employment fair. In Choibalsan, GER coordinated with the local employment office to train 30 hair stylists.

**Other.** GER continued recruiting staff for its new offices in April in Bulgan, Sukhbaatar, Zuunmod and Baganuur.

**STRATEGIC OBJECTIVE #2**  
**MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE**

**Judicial Reform Project (JRP)**  
***National Center for State Courts (NCSC)***

**Forty judges trained in judicial decision writing.** In conjunction with GTZ, JRP conducted training on judicial decision writing for 40 Ulaanbaatar judges in April. The training introduced the Decision Writing Manual sponsored by the JRP that has been endorsed by the Supreme Court as the standard for judicial decision writing. Surveys have identified clarity in decision writing as a critical problem in Mongolian courts. Clearly written decisions that explain the basis in law and fact for every decision are a key to public confidence in the courts. Some judges commented that they had never thought of their decision before from the point of view of litigants trying to understand their thinking. Training will continue in May for rural judges and the remaining Ulaanbaatar judges.

**Workshop for judicial sector disciplinary committees held.** The JRP sponsored a joint workshop for the Disciplinary Committees of the judiciary, the prosecutors, the advocates, the notaries and the police. The Future Lawyers Ethics Club, a law student organization, was invited to participate as well. JRP staff made presentations on the use and handling of income and asset disclosure forms. Interesting facts that emerged from the reports of the committees included that ten judges were dismissed and eight demoted in the last few years. Drinking on the job, previously the most common disciplinary problem, had almost ceased to exist. Complaints against prosecutors went from eight to sixteen between 2004 and 2005, probably signifying greater willingness to make complaints by citizens and greater knowledge of how to do so. In 2005, more than 250 police were disciplined for serious violations and more than 200 for less serious violations.

**Prosecutor General issues action plan for reform of office.** Following up on the study tour for the leadership of the Office of the Prosecutor General and the action planning workshop led by Dr. Heicke Gramckow of NCSC, the Prosecutor General approved an 18-point modified action plan as guidelines for the reform of the Office.

**Mongolia's first criminal casebook ready for distribution.** Copies of the first Mongolian Criminal Law Casebook, sponsored by JRP, were printed and delivered in April. They will be distributed to libraries and schools. This Criminal Law Casebook joins a Civil Law Casebook sponsored by JICA and an Administrative Law Casebook sponsored by the Hans Siedel Foundation. Casebooks can enhance the teaching process, improve the quality of decision writing, and improve public confidence in the courts by their example of well reasoned and written decisions.

**New season of legal serial airs on national television.** TV-9 continues to broadcast the new season of "Huuliin Tsagt" (Legal Hour) in April, and Mongolian Radio continues to broadcast the radio drama "Victims". "Victims" is the second phase of the "Who Is Guilty" radio drama produced with PACT/Mongolia, which educates people about the Criminal Procedure Code.

**Mongolian Electoral and Parliamentary Support Project (MEPS)**  
***International Republican Institute (IRI)***

**IRI Program Director John Poepsel leaves for new job.** On April 6, IRI's Country Director for Mongolia, John Poepsel, left Mongolia to take over IRI operations in East Timor. He will be sorely missed. IRI Political Program Coordinator Urnukh served as Acting Director throughout April, and took part in a meeting organized by the U.S. Embassy in honor of U.S. Deputy Assistant Secretary of State James Keith.

**MPs agree to discuss ethics draft rule during spring session.** On April 13, at the morning floor session of the State Great Hural (SGH), a majority of MPs (~60%) voted to debate the Ethics Draft rule for Members of Parliament during the spring session. Throughout the rest of the month, IRI staff were in regular contact with a recently formed Working Group headed by MP Tsanjid and closely monitored the debates and meetings on the draft ethics rule.

**IRI staff meet with head of Parliament's policy analysis and research body.** On April 17, IRI staff met with Mr. Bayar, Scientific Secretary to the Policy Analysis Institute (PAI), to discuss coordination of SGH and PAI activities. Mr. Bayar briefed IRI on the current activities of the Institute. On April 28, IRI received detailed information about challenges, problems, opportunities and other issues from PAI.

**First Women's Forum Bulletin printed.** In April, IRI staff met with the chairs of the Women's Organizations of the MPRP, DP, Citizen's Will Party and Motherland Party to discuss the contents of the First Women's Forum Bulletin. IRI funded printing of some 10,000 bulletins, and political parties' women's organizations will distribute the bulletins in May.

### **Mongolia Anti-corruption Support Project (MACS)** *The Asia Foundation (TAF)*

**Corruption benchmarking survey rolled out at Government House.** The Asia Foundation presented the results of its anti-corruption benchmarking survey at a press conference held on April 25 at Government House. Media coverage of the event included four TV stations, 15 radio stations (national and public), and a half dozen print journalists. The study, conducted by Sant Maral/Transparency International with support from the National Center for State Courts, will assist in monitoring and evaluating the progress of the GOM and civil society in combating corruption. The survey results indicate a very high level of public awareness of corruption, and a strong public inclination to participate in anti-corruption activities.

### **OTHER USAID PROJECTS IN MONGOLIA**

#### **Eastern Steppe Living Landscape Project**

*Wildlife Conservation Society (WCS)*

**Country Director returns.** WCS Country Program Director Amanda Fine returned to Mongolia in April. Plans for the upcoming field season in the Eastern Steppe are underway with an anticipated start date of mid-May.

**Wildlife trade laws and protection.** A guide to Mongolian wildlife trade law, wildlife protection, and wildlife monitoring is under development for use in pilot wildlife protection training to be conducted in partnership with the State Border Defense Agency and park rangers in Nomrog Strictly Protected Area.

**Project/donor coordination.** WCS staff attended a workshop on April 21 to provide input on the development of a Dutch government and Ministry of Nature and Environment (MNE) funded project to establish a "National Geo-Information Center for Natural Resource Management" in Mongolia. The workshop was opened by new MNE Minister Erdenebaatar. At this forum, the WCS-led effort to present an alternative to the construction of a bridge in the Nomrog Strictly Protected Area of the Eastern Steppe was used by an MNE official as an example of the importance of the application of geographic information systems (GIS) and analysis in development and wildlife conservation planning.

**Eastern Steppe GIS/RS database.** The WCS GIS and Remote Sensing specialist returned in April from one month of training in the WCS New York office. He is updating and enhancing the current GIS database of the Eastern Steppe in preparation for the Landscape Species Selection process, which will

lead to the creation of species Conservation Landscapes for the Eastern Steppe based on the diverse ecological needs of key wildlife species and the geographic location and severity of wildlife/human conflict.

**Important bird areas.** A detailed map of the Important Bird Areas (IBAs) on the Eastern Steppe has been created based on surveys conducted in 2004. This map will assist communities and wildlife managers working to protect these important breeding grounds and congregation sites.

### **PACT Community REACH HIV/AIDS Grant** **PACT**

**Serial about HIV/AIDS premieres in Ulaanbaatar theatre.** The first episode of PACT's new TV series, *Living Under the Same Sun*, aired at the Tengis Theatre on Friday April 28<sup>th</sup>. The event was attended by the Minister of Health, the Charge d'Affaires a.i. of the U.S. Embassy, and many other dignitaries from donor organizations and NGOs. The premiere included live performances of the theme song, as well as recorded interviews with two HIV positive Mongolians.

**Subgrants approved for HIV/AIDS work with at-risk populations.** The National AIDS Foundation (NAF) approved two proposals from community-based organizations (CBOs), "Trust for Women" in Darkhan and "Trust and Faith" in Ulaanbaatar, for work on reducing high-risk behaviors of HIV transmission among most at-risk populations. The groups will focus on peer to peer education and outreach activities.

**Trainings in HIV/AIDS prevention held.** Peer-to-peer training sessions on HIV/AIDS prevention were held for various community groups including students, police officers, and hotel owners. The training included voluntary counseling and testing (VCT) services and training in behavior change.

**Subgrant awarded for HIV/AIDS outreach work with homosexual men.** PACT subgrantee NAF put out a bid for CBOs to work with MSM (men having sex with men). Thirteen CBOs applied for grants and NAF short-listed five applicants who were thereafter interviewed by both NAF and Pact program officers during the first week of April. Major priorities for selection included prior experience in community mobilization, long-term commitment, and community participation and leadership. A CBO named "Together" was selected on the basis of the above criteria. NAF/ Pact will assist the CBO in building up its financial management skills.

### **Training, Advocacy and Networking (TAN) Project** ***Mercy Corps International***

**Community Mobilization.** To help civil society organizations (CSOs) build closer ties with their communities and become recognized community leaders, the TAN Project focuses on community mobilization activities in selected baghs in target aimags. CSO representatives and community leaders undertook a needs assessment involving around 150 bagh residents in April, which led to identification by the residents of priority issues: unemployment, alcohol abuse, littering, access to water, and poor citizens' participation in the decision-making process of the local Citizen Representatives Khural (CRK), or legislature. After the assessment, community meetings were organized to identify project ideas and form project implementation teams consisting of community activists and CSOs. TAN will work with these teams to finalize project proposals, raise local resources, and involve the community in their implementation.

**Participation Research and Technical Assistance.** Following a request from the Head of the Aimag Citizen Representatives Khural (CRK), the Dundgobi CSO Network organized a joint conference on Citizens' Participation and CSO-Government Cooperation with TAN's support. Seventy-six representatives of aimag and soum CSOs, government agencies, and CRKs discussed such topics as

citizens' participation in local decision-making and improved public services through local procurement of services from CSOs. As a result, a CSO-Government cooperation plan was developed to improve citizens' participation in CRKs' decision-making, procure public services from local CSOs, and improve public services through a better feedback system and advocacy. The conference participants selected a Coordination Committee consisting of government, CRK, and CSO representatives to regularly monitor and report on implementation of the plan. To support the implementation of the action plan TAN delivered training on citizens' participation for 30 government and CRK representatives, and advocacy training for 46 CSO representatives. The CSOs developed an advocacy campaign plan to follow up on the resolutions made at the conference.

**CSO Network support.** Nine months into the CSO Network projects, TAN facilitated discussions among network members on the outcomes and sustainability strategies of their projects in Uvurhangai and Dundgobi. The Dundgobi CSO Network will continue working with the government on implementation of the joint action plan to improve citizens' participation, and will raise funds for a referral center which offers valuable services to rural communities. The Uvurhangai CSO Network will do a thorough evaluation of its anti-corruption efforts at the end of the project and then decide on future strategies.

### **COUNTRY NEWS**

**Khan Bank Reports Record First Quarter Profits.** Mongolia's Khan Bank reported its highest ever quarterly profits in the first quarter of 2006. The Bank recorded 2.3 billion tugrik (~\$1.93 million) in after-tax profits in the first quarter. Khan Bank will use the profits to support its continued expansion, with three new branches planned for Ulaanbaatar city and Bayan-Olgii and Hovd provinces. Khan Bank was restructured and privatized several years ago with help from USAID, and has since become one of the leading banks in Mongolia. It has local branches throughout the country, and continues to provide financing to Mongolia's rural population, including many clients of USAID/Mongolia's Gobi and GER Initiatives.

**Hollywood Star Adopts Mongolian Child.** British actor Ewan McGregor recently adopted a four-year-old Mongolian girl. In 2004, Mr. McGregor traveled from London to New York by motorcycle, with one of the longest and most trying legs of the journey taking him through Mongolia. While in Ulaanbaatar, he met with UNICEF representatives and learned about the plight of the capital's street children. Two years on, one of them now has a home.

**Portrait of Chinggis Khaan Unveiled.** The Mongolian President, Parliamentary Speaker, and Prime Minister all took part in April in a ceremony to unveil a new portrait of Chinggis Khaan. The portrait—commissioned on the occasion of the 800<sup>th</sup> anniversary of the Mongolian state—is reportedly based on traditional methods of painting, as well as on a historic portrait of the khan that remains in Taiwan. According to Jack Weatherford, author of *Chinggis Khan and the Making of the Modern World*, there exist no portraits of Chinggis that were done during his lifetime.